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SUBJECT: AMBITIOUS BUT VAGUE AGENDA FOR REMAINDER OF BERGER PRESIDENCY

¶11. (SBU) At a press conference on January 10, Guatemalan President Berger and Vice President Stein presented their plan of government for 2006 through 2008. Berger and his economic team followed up with more details at a January 17 event hosted by the Guatemalan American Chamber of Commerce (AmCham), where Berger spoke along with the Ambassador. The program's three pillars: social development, democratic security, and jobs; will be supported by improving transparency and infrastructure. The plan stresses the government's ongoing concern for the critical issues of security and job creation, but lacks details. The announcement of the plan came as polls showed a steep decline in Berger's approval rating since the beginning of his term. End Summary.

The 2006 2008 Agenda

¶12. (U) Social Policy: Berger pledged to "rehabilitate the social fabric," making reference to family and public security, productivity, and new investments in health and education infrastructure, including the opening of 300 low-cost pharmacies. He seeks to strengthen community and family-level participation in Guatemalan development, and outlined an affirmative action program to recruit 300 young indigenous employees for the public administration.

¶13. (U) Democratic Security: Acknowledging that crime and security continue to be the administration's Achilles heel, Berger pledged to support the justice sector and the penitentiary system (including the construction of four new prisons). He challenged Congress to approve new security laws, and referenced a work program that targets vulnerable youth in gang-infested areas.

¶14. (U) Job Creation: The Berger administration will promote investment and increase competitiveness through support for small and medium businesses, rural development, and efficient registry and protection for property rights. It will build on Guatemala's excellent macro-economic indicators to expand access to credit for small businesses. Berger's team also mentioned policies that support migrants, national statistics and youth employment.

The plan will be supported by:

¶15. (U) Infrastructure: Development of plans for potable water, environmental health, the national airport, energy sector reform, and the highway system. The airport plan includes renovating the country's five largest airports, with \$65 million programmed for the capitol's La Aurora. Energy sector reform will focus on alternative sources of energy such as geothermal, hydroelectric and wind, along with efforts to attract a Mexican-backed heavy crude refining facility and new petroleum exploration projects. Infrastructure improvements will support the "three pillars" of social development, security and jobs, through increased investment and improved international competitiveness.

¶16. (U) Transparency: The focus will be on promoting transparency through social auditing and strengthening the executive's transparency mechanisms, with an emphasis on bringing municipalities into centralized procurement systems. New social alliances and institutional reforms are to increase participation and transparency in government operations.

¶17. (U) At the January 10 press conference, Vice President Stein went on to describe a five-part security plan, covering issues as varied as indigenous family security to improved lighting in urban areas, with a focus on 150 high-risk neighborhoods. He challenged Congress to support justice sector reform legislation; and committed to improve civil intelligence capabilities, increase and improve the national police, and redesign the penitentiary system. He also announced the creation of a fourth Deputy Minister of Government to support criminal investigations in the court system and Public Ministry. Berger backed up these initiatives during his AmCham speech, emphasizing his determination to confront the security problem, which he

feared could jeopardize Guatemala's development by stifling investment.

Comment: Big goals, but will action follow?

18. (SBU) The GOG's announcement focused on increased security and employment - areas that consistently top polls of citizen concerns. However, with its grandiose language and broad scope, it reads more like a campaign speech than an actual plan of action. The focus and ambition of the plan is laudable, but it includes few new tangible specifics. There are several notable exceptions, such as airport improvements, which have a timetable, financing, and detailed plans. It remains to be seen if the relevant cabinet members will follow-up this announcement with more specific, action-oriented plans to turn this broad vision into a reality. With just two years left, the Berger administration will need to produce results to assure that a like-minded administration comes to power in the 2007 elections. Progress can easily be derailed as key officials, policymakers and congressmen begin jockeying for position in anticipation of the elections.

DERHAM